

Health Care Continuation (COBRA)

December 1, 2006

Much of the following information contains quotes and adaptations from the Department of Labor COBRA pamphlet. If your question is not answered below, you may obtain more complete information on the web pages of the Department of Labor, Pension and Welfare Benefits Administration, at www.dol.gov. The web page of A.E. Roberts at www.aeroberts.com is another excellent site for further details. Information on your specific COBRA benefits can be obtained from your health insurance carrier (PEHP or Altius).

Q. What is COBRA?

A. The Consolidated Omnibus Budget Reconciliation Act (COBRA) contains provisions for an individual covered by health insurance, who loses that coverage through a qualifying event, the ability to purchase group health and dental coverage for limited periods of time.

Q. What are qualifying events?

A. "Qualifying events" are certain types of events that would cause an individual to lose health coverage. The type of qualifying event will determine who the qualified beneficiaries are and the required amount of time that a plan must offer the health coverage to them under COBRA.

The types of qualifying events for employees are:

- Voluntary or involuntary termination of employment for reasons other than gross misconduct.
- Reduction in the number of hours of employment

The types of qualifying events for spouses are:

- Termination of the covered employee's employment for any reason other than gross misconduct
- Reduction in the hours worked by the covered employee
- Covered employee's becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

The types of qualifying events for dependent children are the same as for the spouse with one addition:

- Loss of "dependent child" status under the plan rules.

Q. Who is a qualified beneficiary?

A. An employee, an employee's spouse, or an employee's dependent child who was covered on the day before the qualifying event will be a "qualified beneficiary" and will be entitled to coverage through COBRA.

Q. What type of insurance is available under COBRA?

A. Qualified beneficiaries have the right to continue coverage identical to the coverage received immediately before the qualifying event.

Q. How much does it cost?

A. Premiums reflect the total cost of group health coverage, including both the portion paid by the employer and any portion paid by the employee before the qualifying event, plus two percent for administrative costs. The cost will depend on the specific insurance carrier that provides your coverage.

Q. How long after I terminate do I have to sign up for COBRA?

A. Shortly after you terminate from state employment, you will receive a notice stating your right to choose to continue benefits. You have 60 days to accept coverage before losing all rights to benefits. This period is measured from the later of the coverage loss date or the date the notice to elect COBRA coverage is sent.

Q. Do all my dependents need to sign up for COBRA?

A. No. Each qualified beneficiary may independently elect COBRA coverage. A parent or legal guardian may elect on behalf of a minor child.

Q. What is the duration of COBRA coverage?

A. COBRA beneficiaries generally are eligible to pay for group coverage during a maximum of 18 months for qualifying events due to employment termination or reduction of hours of work. Any other qualifying event allows the beneficiary 36 months of coverage. Special rules for disabled individuals may extend the maximum periods of coverage.

Coverage ends when:

- The last day of maximum coverage is reached
- Premiums are not paid on a timely basis
- The employer ceases to maintain any group health plan
- Coverage is obtained with another employer group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition of a beneficiary